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FISCAL IMPACT STATEMENT

LS 7408

BILL NUMBER: SB 528

NOTE PREPARED: Feb 15, 2011

BILL AMENDED: Feb 14, 2011

SUBJECT: Various Motor Vehicle Issues.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR: Rep. Soliday

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

- (1) Reduces from 10% to 8.33% the prorated excise tax credit due to a boat owner upon the sale of the boat. (The 10% rate was based on a ten-month registration cycle; the current cycle is twelve months.)
- (2) Provides that employees at full or partial service branches of the Bureau of Motor Vehicles (BMV) may inspect applications for certificates of title.
- (3) Authorizes the BMV to issue distinctive permanent plates to the Department of Correction for vehicles used for official business by correctional police officers.
- (4) Relocates a provision requiring a duplicate or replacement license plate to be displayed in the same manner as an original license plate.
- (5) Requires an individual who holds a motorcycle operator's license to hold another driver's license with a motorcycle endorsement in order to operate a motorcycle.
- (6) Specifies that an amended driver's license or card is issued when information on the driver's license or card has changed.
- (7) Specifies that a replacement driver's license or card is issued when the driver's license or card has been lost, stolen, or destroyed.
- (8) Removes statutory inconsistencies concerning the ineligibility of a habitual traffic violator for a hardship license.
- (9) Removes duplicative provision concerning the eligibility of certain individuals for restricted driving permits.
- (10) Specifies that an individual is required to provide proof of future responsibility during the three years following the termination of the suspension of the individual's driving privileges.
- (11) Removes incorrect cross references in section concerning the probationary status of certain habitual

traffic violators.

(12) Repeals a provision requiring the BMV to issue a certificate for a duplicate license plate in the form of a sticker.

(13) Repeals language concerning motorcycle operator's licenses and temporary motorcycle learner's permits.

(14) Repeals the requirement that the holder of an identification card must contact the BMV when the card is lost or stolen.

Effective Date: January 1, 2012.

Summary of NET State Impact: This bill is expected to increase revenue by \$550 per year from changes made to issuing motorcycle licenses and permits. The bill is expected to decrease state expenditures by \$450 per year to produce credentials only for the operation of motorcycles and temporary motorcycle learner's permits. The bill is also expected to increase revenue from motorcycle endorsements by \$100 per year.

Explanation of State Expenditures: Summary: This bill will result in cost savings from the following: (1) discontinuing the issuing of temporary motorcycle learner's permits and (2) discontinuing the issuing of credentials for only the operation of motorcycles.

Additional Information:

Motorcycle Credentials: The bill will require individuals who currently hold a motorcycle operator's license to hold another driver's license. Individual credentials for motorcycle operation will no longer be issued. This will essentially remove the need for a second license (motorcycle operator's license).

The BMV reports that for CY 2010, 10 credentials for motorcycle operation only were issued and 49 temporary motorcycle learner's permits were issued. The cost to produce a driver's license is \$7.60 per license. This bill is expected to decrease state expenditures on card costs by approximately \$450 per year.

Explanation of State Revenues: Motorcycle Endorsement Requirement: Individuals who currently only hold credentials for the operation of motorcycles will be required to obtain another operator's license (chauffeur's license, CDL, driver's license, etc.) with a motorcycle endorsement to operate a motorcycle in the state.

Currently, individuals who would like to maintain only a motorcycle operator's license pay a fee of \$26.05. As proposed, these individuals would have to maintain another license issued by the BMV and obtain a motorcycle operator's endorsement to operate a motorcycle in the state. The fee for a motorcycle endorsement is \$15. The BMV reports there are currently only 10 individuals (7 of whom are 16 years of age) who maintain credentials only for the operation of motorcycles. Assuming these 10 individuals obtain a driver's license (fee of \$21) and request a motorcycle endorsement (fee of \$15), the state will receive a total of \$36, whereas previously it would have received only \$26.05. The total increase in state revenue is expected to be approximately \$100.

Prorated Boat Excise Tax Credit: This bill reduces the monthly prorated excise tax credit due to a boat owner from 10% to 8.33% per month. This change is meant to conform the current credit amount (based on 10 months) to the current registration cycle (currently 12 months).

Temporary Motorcycle Learner's Permit: Additionally, it is assumed that individuals who otherwise would have elected to apply for a temporary motorcycle learner's permit will, after the implementation of the bill, apply for a motorcycle learner's permit. The fees collected for these two permits are the same. By removing the availability of the temporary motorcycle learner's permit, requests for motorcycle learner's permits will increase by the number of individuals who would have requested a temporary permit. These provisions are expected to have no fiscal impact on revenue received from fees for motorcycle operator licenses and motorcycle learner's permits.

Minimum Age for Motorcycle Endorsement: Further, the bill changes the minimum age of obtaining a motorcycle license. Currently, an applicant must be 16 years and 30 days of age. The bill will require an applicant be 16 years and 180 days of age, which is the same requirement for driver's licenses in the state. The resulting effect is to delay collection of operator's license fees paid by 16-year-old applicants by approximately 5 months.

The BMV reports there are currently 7 individuals (of the 10 total individuals with motorcycle-only operator's licenses) who are 16 years of age and hold a motorcycle operator's license. Assuming the BMV receives the same number of requests for motorcycle operator endorsements per year from individuals who are 16 years of age (individuals will have to obtain a driver's license and request a motorcycle endorsement as credentials for motorcycle operation only will no longer be available), this bill will delay the receipt of \$183 in fee revenue for a 5-month period.

Background Information: The annual registration fee for motorcycles is \$26.05, which includes a \$0.30 fee deposited into the Spinal Cord and Brain Injury Fund and a \$7 fee deposited into the Motorcycle Operator Safety Education Fund. The table below shows the distribution of the \$26.05 registration fee for motorcycles, along with the uses of the funds.

Distribution of Annual Registration Fee for Motorcycles	Fee
Motor Vehicle Highway Account (MVHA)	\$8.75
Public Safety Fee	\$0.25
Motorcycle Operator Safety Education Fund	\$7.00
Crossroads 2000 Fund	\$3.00
BMV Technology Fund	\$0.50
Anti-Terrorism	\$1.25
Bureau of Motor Vehicles Commission (BMVC)	\$5.00
Spinal Cord Brain Injury Fund	\$0.30
TOTAL	\$26.05

In FY 2010 the BMV completed 193,890 motorcycle registration transactions and received a total of \$5.05 M in revenue from these transactions.

The MVHA may be used for road construction, reconstruction, and maintenance for cities, towns, and counties. The MVHA also supports entirely the operation of the BMV, a significant part of the operation of

the Department of Transportation, about 61% of the operation of the State Police, and part of the operation of the state Department of Revenue.

The Public Safety fee supports the State Police Building Fund, which is used for construction, maintenance, and equipping of and/or leasing of State Police facilities.

The Motorcycle Operator Safety Education Fund supports motorcycle education.

The Crossroads 2000 Fund supports highway bonding.

The BMV Technology Fund supports technology for the BMV.

The anti-terrorism fee supports the Integrated Public Safety Commission (IPSC). The IPSC operates Project Hoosier Safe-T (Safety Acting for Everyone-Together, an initiative of the IPSC). The Commission works with local, state, and federal public safety agencies to implement a statewide, interoperable, digital, 800 MHz trunked voice and mobile data communications network for public safety officials. SAFE-T will provide 95% statewide mobile coverage through a baseline design of 126 communication sites. SAFE-T seeks to replace inadequate, obsolete, and incompatible communications systems and allow coordination and response to routine, emergency and catastrophic events. Public safety agencies independently choose whether or not to participate in SAFE-T.

The Bureau of Motor Vehicles Commission is supported by the state License Branch Fund.

The Spinal Cord and Brain Injury Fund supports research for spinal cord and brain injuries.

The Dealer Compliance Account is used by the Secretary of State to monitor dealers.

Explanation of Local Expenditures:

Explanation of Local Revenues: Funds from the MVHA are distributed to cities, towns, and counties.

State Agencies Affected: BMV.

Local Agencies Affected: Recipients of MVHA distributions; various public safety agencies.

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